
Finance Committee

HB 2733

Brief Description: Clarifying the requirements for qualifying for the sales and use tax exemptions for livestock nutrient management equipment and facilities.

Sponsors: Representatives Newhouse and Pettigrew.

Brief Summary of Bill

- Expands a sales/use tax exemption for livestock nutrient management equipment.

Hearing Date: 2/4/08

Staff: Don Taylor (786-7388).

Background:

Washington's major tax is the state retail sales tax and its companion use tax. Together, these comprise approximately 47 percent of all state tax receipts. In addition, local sales/use taxes are a major source of revenue for cities, counties and other types of local taxing districts.

The sales tax applies to purchases for which the buyer actually uses the item or service (i.e., not for direct resale); use tax applies to items upon which the retail sales tax was not paid (e.g., items purchased out of state or from nonretail vendors). Most purchases of tangible personal property, including items used by businesses, are subject to the tax. Some services, such as contract construction or repair of tangible personal property, are subject to the tax; however, the majority of personal and profession services are not taxable. A variety of exemptions apply to certain types of goods - e.g., manufacturing machinery and motor vehicle fuel - or to specific types of purchasers.

The state levies a sales/use tax rate of 6.5 percent; local sales/use tax rates range from 0.5 to 2.4 percent. Starting in April, 2008, the highest combined rate in the state will be 9.0 percent.

In 2001 an exemption from retail sales/use tax was enacted for equipment and facilities used pursuant to a dairy nutrient management plan. In 2006, the exemption was broadened to include nutrient management plans for all types of livestock facilities.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

Currently, to qualify for the sales/use tax exemption, equipment and facilities must be used exclusively for activities specified in a livestock nutrient management plan. This amendment would reduce the use standard to "primarily used," thereby permitting some alternative uses of the equipment.

Appropriation: None.

Fiscal Note: Requested on February 4, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.